

News Release

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HSBC India Services PMI®

New business growth ticks higher as charge inflation cools

Key findings

Faster expansions in services activity and sales

Growth of external demand remains below 2025 average

Softer increase in cost burdens curbs charge inflation

Strengthening demand for services such as freight, digital solutions, e-commerce, entertainment and IT reportedly boosted new business growth during May. As a result, companies lifted activity to a greater extent and continued to add to payroll numbers.

Although cost pressures remained historically high across India's service economy, they receded to their lowest in four months, which supported a moderate increase in selling prices that was the softest since January.

Rising from 58.8 in April to 59.8 in May, the seasonally adjusted HSBC India Services PMI® Business Activity Index – based on a single question asking how the level of business activity compares with the situation the month before – signalled the strongest rate of expansion since last November.

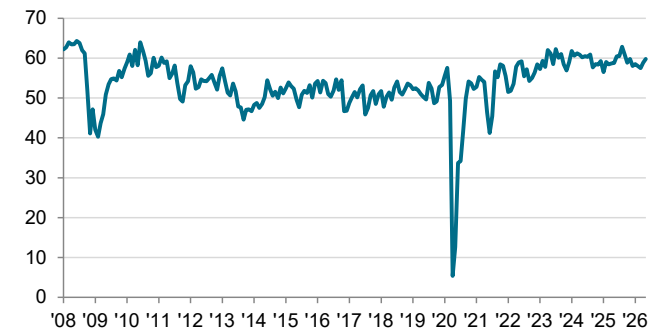
According to panel members, output growth was boosted by healthy demand conditions, new client wins and ongoing improvements in new business intakes.

Indeed, new orders placed with Indian service providers rose to the greatest degree in six months halfway through the first fiscal quarter, moving further away from the slowdown seen in March.

New export business also rose, albeit it did so to a lesser extent than total sales and that seen on average during the 2025 calendar year. The expansion in international orders was nevertheless solid, with firms citing gains from Australia, Canada, France, Germany, Hong Kong, Malaysia, the UAE and the UK.

Demand for Indian services improved despite another increase in selling prices. The rate of charge inflation eased to a four-month low, however, and broadly matched its long-run average. Firms that hiked their fees (only 5% of panellists) remarked on the pass-through of rising expenses

HSBC India Services PMI Business Activity Index
sa, >50 = growth since previous month

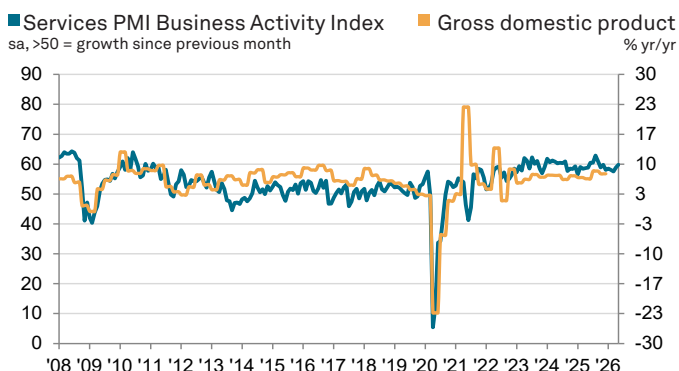


Sources: HSBC, S&P Global PMI.
Data were collected 8-27 May 2026.

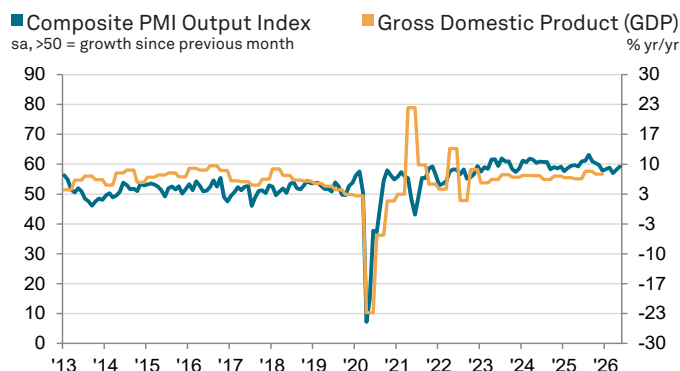
Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"India's services PMI signalled an expansion in business activity in May, supported by a continued rise in new business. External demand for India-provided services also grew at a faster pace, rebounding after a sharp decline in April. Input cost inflation eased, which in turn reduced pressure on selling prices."



Sources: HSBC, S&P Global PMI, CSO via S&P Global Market Intelligence.



Sources: HSBC, S&P Global PMI, CSO via S&P Global Market Intelligence.

to clients.

Input prices across the service economy continued to increase at an above-trend pace during May. Survey participants reported having paid more for food, fuel, gas, labour and materials compared to April.

Elsewhere, Indian services companies signalled a further increase in payroll numbers. The overall rate of job creation was solid and the second-fastest in just under a year (behind April), but fewer than 7% of panellists signalled greater hiring and the vast majority indicated no change in headcounts.

There was a negligible uptick in outstanding business volumes at Indian service providers during May, as signalled by the respective seasonally adjusted index registering only fractionally above the neutral mark of 50.0.

Regarding the 12-month outlook for business activity, services firms collectively expressed optimism. They generally expect demand conditions to remain favourable and therefore support output. That said, the overall level of confidence slipped to a three-month low and was below the historical trend.

Granular data showed that consumer services remained the brightest spot, as growth of new business intakes and output here outpaced those seen in the other three categories.

Consumer services also topped the inflation rankings, recording the strongest increases in both input costs and output charges out of all four monitored sub-sectors.

HSBC India Composite PMI®

Demand strengthens as firms limit hikes to selling prices

May data showed quicker increases in Indian private sector sales and output, with growth rates quickening at manufacturing firms and their services counterparts.

The HSBC India Composite PMI® Output Index* continued to recover from March's slowdown, rising from 58.2 in April to 59.3 in May.

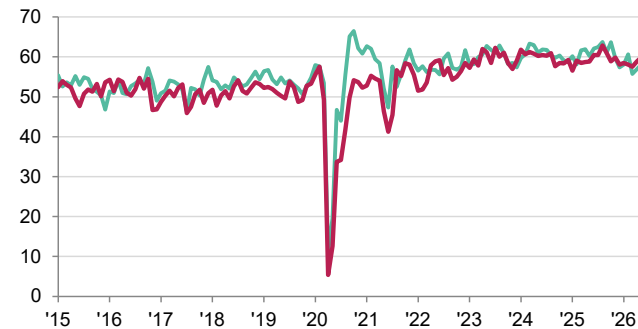
As was the case for business activity, new orders placed with private sector companies rose at the quickest pace in six months. Service providers outperformed manufacturers, though growth accelerated in both cases.

The latest improvement in demand was accompanied by a slowdown in charge inflation. Aggregate selling prices rose at the weakest rate since January and one that was broadly aligned with its long-run trend.

The rate of input cost inflation also eased, but it remained above both that seen for selling charges and its historical average. Rates of increase in input costs and output charges were higher in manufacturing than in services.

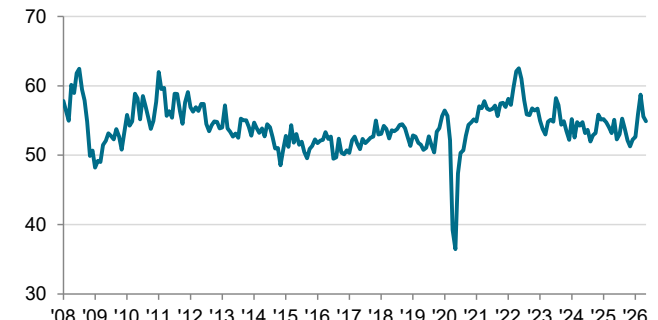
*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

■ Manufacturing PMI Output Index
 ■ Services PMI Business Activity Index
 sa, >50 = growth since previous month



Sources: HSBC, S&P Global PMI.

Services PMI Input Prices Index
 sa, >50 = inflation since previous month



Sources: HSBC, S&P Global PMI.

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Survey methodology

The HSBC India Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in December 2005.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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